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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/01/2007  
 LAST UPDATED 3/14/2007 HB \_\_\_\_\_

SPONSOR Altamirano

SHORT TITLE Create Tourism Department Sports Authority SB 215/aSF1/aHF1

ANALYST Earnest

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY07	FY08		
NFI	NFI		

(Parenthesis ( ) Indicate Expenditure Decreases)

### ESTIMATED OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>		(\$0.1)	(\$0.1)	(\$0.1)	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

New Mexico Tourism Department (NMTD)

New Mexico Sports Authority (NMSA)

### SUMMARY

#### Synopsis of HF1 Amendment

The House Floor amendment would maintain the sports authority board as an advisory committee to the new sports authority division. The original bill would have eliminated the sports authority board. The House Floor amendment would keep the existing board, but rename it the “sports advisory committee,” and adds Subsection G to require that its membership “resemble the demographics of New Mexico in conjunction with the three congressional districts.”

Synopsis of SF1 Amendment

Senate Floor amendment number one removes a duty of the proposed Sports Authority Division to identify and propose infrastructure and locations.

Synopsis of Original Bill

Senate Bill 215 would amend the enabling statute of the Tourism Department to better align with the agency's organizational structure of five divisions and moves the NM Sports Authority into the department as a new division. The bill also repeals the NM Sports Authority Act (Sections 9-15B-1 through 9-15B-6).

**FISCAL IMPLICATIONS**

No significant fiscal impact was identified by the Tourism Department. However, anticipated administrative efficiencies and the elimination of the board of the sports authority should result in operating budget savings that could be applied in other areas of the department.

**SIGNIFICANT ISSUES**

Senate Bill 215 will eliminate the NM Sports Authority as an independent agency and transfer all of its resources into a new sports authority division of the Tourism Department.

The Sports Authority was created by the NM Sports Authority Act in the 2005 legislative session. The agency employees 3 FTE, all exempt from the state personnel act, and has an FY07 operating budget of \$295 thousand. The agency, housed in the Governor's Albuquerque office, is administratively attached to the Tourism Department.

Although the Sports Authority does not recognize any benefit to the reorganization, the Tourism Department finds that moving the agency into the department will improve accountability and performance of the agency. According to the Tourism Department, all Sports Authority performance and accountability measures impact, and are impacted by, the department's own performance measures. The Governor has indicated support for the reorganization.\*

This reorganization would likely bring additional administrative efficiency by centralizing budget control in the Tourism Department. As a division of the department, there may be additional accountability for procurement and contracts at the Sports Authority.

The Sports Authority, however, is concerned that it will lose autonomy under this proposal and notes that its mission is not aligned with that of the Tourism Department.

In its repeal of the NM Sports Authority Act, the bill eliminates the 25-member board of the Sports Authority. Board members, all appointed by the Governor, receive per-diem and mileage reimbursement for the quarterly meetings.

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\* "Executive Budget Recommendation, Path to Progress: Expanding Opportunity, Fiscal Year 2008," page x.

Senate Bill 215 also amends the Tourism Department's enabling statute to align it more closely with the current operating structure. In addition to the creation of a Sports Authority Division, the bill renames the Travel and Marketing Division as the Promotion Division and adds the Tourism Development Division and Marketing Division. Tourism Department currently has five operating divisions; the Sports Authority would become a sixth division.

### **PERFORMANCE IMPLICATIONS**

According to the Tourism Department, complementary goals of the Sports Authority and the department will be more easily achieved with a streamlined operating structure. TD already has responsibility for SA administrative matters and performance. Making SA an operating division of TD will improve performance and administrative services.

### **ADMINISTRATIVE IMPLICATIONS**

The Tourism Department expects to realize significant administrative efficiencies by moving the Sports Authority into the agency.

### **OTHER SUBSTANTIVE ISSUES**

In 2006, the agency reorganized from seven programs to four—Marketing and Promotion, Tourism Development, New Mexico Magazine, and Program Support. The Legislature appropriates to these four programs, and it isn't clear where the Sports Authority would fall in this structure.

Currently, the agency's five divisions are headed by directors exempt from the personnel act and are managed by two deputy secretaries.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The Tourism Department's operating structure will not be aligned with statutory authority and the Sports Authority will continue to operate as an independent agency, administratively attached to the Tourism Department.

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